

Town of Hopkinton Budget Committee & Select Board 2021 Proposed Budget

Presentation for Public Hearing

Wednesday, February 10, 2021

- Final Town Meeting vote July 25.
- Due to COVID-19 many things unable to be done and extras expenses in some area largely covered by grants.
- Still much uncertainty about 2021

2020...
A year like
no other

Short time between budgets



TOWN MEETING AT THE END
OF JULY



BUDGET PREPARATION BEGAN
IN THE MIDDLE OF AUGUST



Budget Process to Date



Department Heads prepared budget requests maintaining status quo



Department Heads met with the Town Administrator to review budget requests.



Select Board met with each Department Head to review requests and met with the CIP Committee.



Select Board began its work of preparing its budget

Select Board Proposal

Revenue

- Estimated Revenue of \$3,332,508
 - Decrease of \$47,286 – (1.40%)

- Major Drivers

- | | |
|------------------------------------|------------------------------------|
| • Motor Vehicle | \$ 30,000 |
| • Municipal Aide (from State) | \$ (46,406) eliminated |
| • Room & Meals (from State) | \$ (57,809) estimated 20% decrease |
| • Highway Block Grant (from State) | \$ (38,341) estimated 20% decrease |
| • Ambulance Charges | \$ 10,000 |
| • Sewer User Fees/Reimbursements | \$ 22,115 |

Total – Major Drivers - \$ (80,441)



Potential Future Revenue Sources in Process

- Part-time or Per Diem Economic Development Director
 - Half paid by the TIF Districts
 - To encourage development and obtain grants
- Solar Array at Transfer Station
 - Option has been exercised
 - They are moving forward



Operating Budget

- Total Operating Budget of \$7,662,087
 - Increase of \$141,432 – 1.88%

- Major Drivers

• NH Retirement	\$ 49,673
• Election Administration	\$(11,462)
• COLA at 1.5%	\$ 39,559
• Health Insurance	\$ 30,953
• Police PT Wages	\$ 13,076
• Police Gasoline	\$ (5,040)
• Fire Dispatch	\$ 6,424



Operating Budget

- Major Drivers continued

• DPW PT Wages	\$ 24,000
• HYW Paving/Shimming	\$ 17,700
• HWY Tree Services	\$ 5,000
• Trash Transport & Disposal	\$ 38,500
• Demolition Tipping Fees	\$ 6,000
• Transfer Station Equip. Rental	\$ 6,000
• Economic Dev. Director	\$ 16,450
• Debt Principal & Interest	\$ (194,808)
• Sewer Department	\$ 11,958

Total – Major Drivers - \$ 53,983



The effect of the bond refinancing

The Town approved a \$1.8 million road bond in 2020

- \$189,547 in interest and no principle for this bond are in the 2021 proposed budget
- The bonds are being issued at a 0.76% interest rate

The \$1.38 million remaining on the 2015 road bond is being refinanced

- \$124,640 in principal and interest are in the 2021 proposed budget
- The refinance will save \$69,000 in interest over the remaining life of the bond

The \$2.061 million remaining on the 2014 fire station is being refinanced

- \$132,511 in principal and interest are in the 2021 proposed budget
- The refinance will save \$231,000 in interest over the remaining life of the bond



Capital Reserve/Maint. Trust Funds

- Total CRF/Maint. Funds of \$778,500
 - Increase of \$30,500 – 4.08%

- Major Drivers

• Fire Vehicle Replacement	\$ (62,500)
• Highway Vehicle Replacement	\$ 20,000
• Transfer Station Equipment	\$ 45,000
• Revaluation	\$ 22,000
• Library Building & Grounds	\$ (34,000)
• Town Facilities Maint. Trust	\$ 35,000

Total – Major Drivers - \$ 25,500



Individual Warrant Article

- Total Individual Warrant Article of \$ 61,300
 - Increase of \$61,300.
- To see if the Town will vote to raise and appropriate the sum of \$61,300 for the purpose of purchasing and installing financial software.
This sum to come from December 31 fund balance. No amount to be raised by taxation.



Financial Software

- Current software is still supported, but not updated
- Provides substantially more ability to obtain detailed information efficiently
- Includes a reconciliation module
- Includes a budget module saving a substantial amount of time in budget preparation
- Integrated with NH DRA forms providing the correct information easily
- Includes full integration of ACH payments which is not part of current software
- Web-based providing for added assurance of continuation of service

Use of Fund Balance

- Total use of Fund Balance \$ 421,300
 - Increase of \$71,300 – 20.37%
 - \$360,000 to offset operating budget
 - \$61,300 for financial software
- Fund Balance offsets the amount needed to be raised by taxes.
- So what exactly is the Unreserved Fund Balance?

Unreserved Fund Balance

- Funds remaining in the budget after all obligations have been met that is not committed for other purposes and can be allocated in the upcoming budget or returned to reduce taxes.

Unreserved Fund Balance

- NH Department of Revenue Administration (DRA) recommends an Unreserved Fund Balance retainage of a minimum of 5.0% of all taxes committed (town, school, county, precincts)
 - For cash flow
 - Emergencies

Unreserved Fund Balance

- Unreserved Fund Balance Estimate 12/31/2020 \$2,061,044
- 5.0% Retainage Estimate \$1,314,439
- Estimated Available for 2021 \$746,605
- **Proposed Use 2021** **\$421,300**

- **Estimated minimum available 2022** **\$325,305**



Effects of 2020 Exemption Changes

<u>2019</u>		
<u>Exemption</u>	<u>Number</u>	<u>Amount</u>
Elderly	74	5,410,600
Solar	41	205,000
Disabled Veteran	1	384,100
TOTAL		5,999,700
<u>2020</u>		
<u>Exemption</u>	<u>Number</u>	<u>Amount</u>
Elderly	73	9,057,200
Solar	49	245,000
Disabled Veteran	2	697,200
TOTAL		9,999,400
Increase in Exemption amount 2020		3,999,700
Town Tax Value Change		\$ 24,998.13

**2021 TAX RATE ESTIMATION
SELECT BOARD NUMBERS**

	<u>2020 Approved</u>	<u>2021 Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUE</u>				
<u>OPERATING REVENUE</u>				
Operating Revenue	3,207,951	3,138,550	(69,401)	-2.16%
Sewer Fund Revenue	171,843	193,958	22,115	12.87%
Total	3,379,794	3,332,508	(47,286)	-1.40%
<u>PASSTHROUGH REVENUE</u>				
Road Bond	1,800,000	-	(1,800,000)	-100.00%
From Special Revenue Funds	121,380	86,000	(35,380)	-29.15%
Total	1,921,380	86,000	(1,835,380)	-95.52%
GRAND TOTAL	5,301,174	3,418,508	(1,882,666)	-35.51%
<u>EXPENSES</u>				
<u>OPERATING BUDGET</u>				
Expenses	7,353,483	7,482,957	129,474	1.76%
Sewer Expenses	167,172	179,130	11,958	7.15%
Total	7,520,656	7,662,087	141,432	1.88%
<u>WARRANT ARTICLE (INDIVIDUAL)</u>				
To CRF	676,500	706,000	29,500	4.36%
To Trust Funds	71,500	72,500	1,000	1.40%
Total	748,000	778,500	30,500	4.08%
<u>WARRANT ARTICLES (INDIVIDUAL)</u>				
Road Bond	1,800,000	-		
Financial Software		61,300		
Pay-by-Bag Special Revenue	120,000	85,000	(35,000)	-29.17%
Senior Center Rental Spec. Rev	1,380	1,000	(380)	-27.54%
Total	1,921,380	147,300	(1,774,080)	-92.33%
<u>OTHER RATE IMPACTS</u>				
Fund Balance use	(350,000)	(421,300)	(71,300)	20.37%
Overlay	137,458	180,000	42,542	30.95%
War Service Credits	207,900	207,900	-	0.00%
Total	(4,642)	(33,400)	(28,758)	619.52%
<u>GRAND TOTALS</u>				
GRAND TOTALS	4,884,220	5,135,979	251,760	5.15%
TAX IMPACT	6.25	6.54	0.29	4.63%

Valuation

2020	780,889,991
2021	784,794,441



Estimated Tax Rate Impact-2021

- Amount to be raised by taxes

<u>2020</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
\$4,884,220	\$5,135,979	\$ 251,760	5.15%

- Tax Rate (2021 is estimated)

<u>2020</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
\$6.25	\$6.54	\$ 0.29	4.63%



Questions?